

## Message Text

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PAGE 01 STATE 310616  
ORIGIN EUR-12

INFO OCT-01 ISO-00 EB-08 TRSE-00 COME-00 OMB-01  
CIAE-00 INR-07 NSAE-00 SS-15 SP-02 NSC-05 /051 R

DRAFTED BY EUR/WE/JESWIHART:CM  
APPROVED BY EUR - R.E. BARBOUR  
EB/IFD/OMA - MR. FORBORD  
TREASURY - MR. WIDMAN  
-----044801 310113Z /73

P 302229Z DEC 77  
FM SECSTATE WASHDC  
TO AMEMBASSY ROME PRIORITY

C O N F I D E N T I A L STATE 310616

E.O. 11652: GDS

TAGS: ECON, IT

SUBJECT: ECONOMIC STABILIZATION PROGRAM

REF: A. STATE 304991 B. ROME 20850 C. TREASURY 1920252  
DEC 77

1. EXPRESSIONS OF CONCERN ABOUT  
ITALIAN ECONOMIC POLICIES IN YOUR RECENT CONVERSA-  
TIONS WITH ITALIAN LEADERS DO NOT CONSTITUTE INTERFERENCE  
IN ITALIAN INTERNAL AFFAIRS. THE GOI'S STABILIZATION  
POLICIES ARE A LEGITIMATE SUBJECT FOR ITALY'S TRADING  
PARTNERS AND CREDITORS TO RAISE WITH ITALIAN LEADERS SINCE  
WE HAVE A STAKE IN THE SUCCESS OR FAILURE OF THOSE  
POLICIES.

2. WE ARE CONSCIOUS OF COURSE OF POLITICAL DEVELOPMENTS  
IN ROME AND THE CURRENT POLITICAL STRUGGLE OVER ECONOMIC  
POLICIES. BUT ON BALANCE WE BELIEVE THE APPROPRIATE  
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APPROACH IS TO BE FIRM ABOUT THE NEED FOR ACTION ON STRUC-  
TURAL REFORM. WE RECOGNIZE THAT SUCH FIRMNESS MAY CAUSE  
SOME DC LEADERS TO ARGUE THAT ADDITIONAL PCI INVOLVEMENT

FACTORY PROGRAM. NONETHELESS WITHOUT A SATISFACTORY  
PROGRAM, ITALY'S UNDERLYING SOCIAL AND ECONOMIC PROBLEMS  
SEEM LIKELY TO CONTINUE TO PROPEL THE COMMUNISTS TOWARD

PARTICIPATION IN GOVERNMENT.

MOREOVER, WE DOUBT THAT A WEAK ATTITUDE WOULD STRENGTHEN THE DC'S RESOLVE OR APPEAL OR IMPROVE IN ANY WAY A SITUATION WHICH IN ANY CASE SEEMS TO BE MOVING IN THE DIRECTION OF GREATER COMMUNIST INVOLVEMENT. FURTHERMORE, A WEAK PROGRAM OR NONE AT ALL WOULD ALLOW THE COMMUNISTS TO HAVE IT BOTH WAYS: TO BLAME THE DC FOR FAILING TO SOLVE THE COUNTRY'S PROBLEMS WHILE AVOIDING THE DIFFICULT, UNPOPULAR POLICIES WHICH COULD CREATE CONFLICT FOR THE PCI WITHIN ITS CONSTITUENCY.

3. THE EMBASSY IS AUTHORIZED TO CONTINUE TO STATE THE CONCERNS EXPRESSED IN REF C OVER THE DIRECTION OF ITALIAN ECONOMIC POLICIES TO SELECTED GOVERNMENT AND PARTY LEADERS. CHRISTOPHER

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## Message Attributes

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**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC PROGRAMS  
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**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
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**Disposition Reason:**  
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**Original Handling Restrictions:** n/a  
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**Review Markings:**  
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